

Message Text

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ORIGIN ARA-14

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TO AMEMBASSY SAN JOSE IMMEDIATE

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E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: LATIN AMERICAN BANK AND GRUPO PROIN

REF: STATE 062727 (3/15/76); SAN JOSE A-42 (5/24/76).

SUMMARY:

THREE U.S. BANKERS, WHO REPRESENT 38 FOREIGN CREDITOR BANKS
OF THE LATIN AMERICAN BANK (LAB), MET WITH ARA/CEN AND
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L/ARA OFFICERS 7/21 TO RELATE LATEST OCCURRENCES IN
INVOLVED CASE OF LAB AND GRUPO PROIN, AND REQUEST DEPT
ASSISTANCE.

1. BANKERS (ERIC MOORE OF HARTFORD NATIONAL; ROBERT
CRAIG OF FIDELITY UNION TRUST; CHARLES FALVEY OF
AMERICAN FLETCHER) REVIEWED HISTORY OF LAB AND PROTOCOL
WORKED OUT WITH GOCR IN 1975 TO SET UP A COMMITTEE OF

INTERVENTORS TO ADMINISTER LAB, RESTRUCTURE THE VIABLE COMPANIES FINANCED BY LAB AND LIQUIDATE THE OTHERS. BANKERS STRESSED THAT ARRANGEMENT WAS MADE AT GOCR REQUEST, TO AVOID INTERNAL ECONOMIC DISRUPTION IN EVENT OF OUTRIGHT LAB BANKRUPTCY.

2. BANKERS STATED THAT LAB'S PRESENT EXPOSURE IS APPROX. ELEVEN MILLION DOLLARS (INCLUDING 9 MILLION TO GRUPO PROIN COMPANIES). LEGAL ACTION WILL SOON BE INSTITUTED AGAINST BRITISH ACCOUNTING FIRM (PANNELL, KERR, FORSTER & CO.), WHOSE ALLEGEDLY FALSE FINANCIAL STATEMENTS LED TO ORIGINAL HEAVY INVOLVEMENT OF U.S.BANKS.

3. BANKERS EXPLAINED THAT TEN MILLION DOLLAR BILL OF EXCHANGE REPRESENTING PERSONAL ASSETS OF RODRIGUEZ BROTHERS HAD BEEN SIGNED IN 1975 AS GUARANTEE OF LOANS FROM LAB TO GRUPO PROIN COMPANIES. MAJORITY OF COMMITTEE OF INTERVENTORS (INCLUDING 3 OF 5 COSTA RICAN MEMBERS) VOTED TO PRESENT BILL OF EXCHANGE TO COURTS TO FORMALLY ESTABLISH IT AS A LIABILITY SUBJECT TO COLLECTION. APPARENTLY AS RESULT OF THIS ACTION, CRIMINAL CHARGES OF "SWINDLE" WERE INSTITUTED JULY 14 BY RODRIGUEZ BROTHERS AGAINST ABOVE-NAMED U.S. BANKERS AS WELL AS BRITISH CITIZEN MANAGER OF LAB, ROGER LE CLERCQ. ERIC MOORE, WHO WAS THEN LIMITED OFFICIAL USE

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IN SAN JOSE, LEFT COUNTRY IMMEDIATELY ALTHOUGH COURT ORDER PROHIBITED HIS LEAVING. LE CLERCQ ARRESTED ON 7/15, NOW IN JAIL ALTHOUGH NO FORMAL INDICTMENT YET BROUGHT AGAINST HIM. BOND HAS BEEN REFUSED BY COSTA RICAN MAGISTRATE.

4. BANKERS STATE THEY HAVE RETAINED LEGAL COUNSEL IN COSTA RICA BUT HAVE SO FAR BEEN UNSUCCESSFUL IN ATTEMPTS TO RECTIFY PRESENT SITUATION THROUGH THEIR GOCR CONTACTS (PRIMARILY AT CENTRAL BANK LEVEL). THEY ARE PARTICULARLY CONCERNED ABOUT TREATMENT OF LE CLERCQ AND WHAT THEY CONSIDER EXTRAORDINARY LEGAL MOVE TO REFUSE BOND. BRITISH EMBASSY TAKING ACTION ON HIS BEHALF, THEY SAID, BUT INEFFECTIVE THUS FAR.

5. BANKERS CLAIM SITUATION NOW INTOLERABLE - 1975 PROTOCOL SET UP AT STRONG URGING OF GOCR BUT PRESENT CRIMINAL CHARGES AND TREATMENT IN JAIL OF LE CLERCQ MAKE IT IMPOSSIBLE FOR THEM TO ENTER COSTA RICA. THEY WISH ODUBER OR FOREIGN MINISTER TO BE APPRISED OF SITUATION AND WOULD LIKE STATE DEPT. INTERVENTION IN THIS REGARD OR USG ASSISTANCE TO GET GOCR TO MEET WITH THEM UNDER CONDITIONS THAT WOULD ASSURE THEIR SAFETY. DEPT. OFFICERS INFORMED THEM THAT IT MIGHT NOT BE APPROPRIATE TO ASSUME THIS ROLE

AT THIS TIME AS FACTS OF CASE NOT YET CLEARLY ESTABLISHED,
AND OTHER POTENTIAL REMEDIES ARE AVAILABLE TO THEM, E.G.
APPROACHES BY THEM OR THROUGH THEIR LEGAL COUNSEL TO
PERTINENT ELEMENTS OF GOCR. DEPT. OFFICERS ENCOURAGED THEM
TO PURSUE ALL AVAILABLE COURSES OF ACTION AND PROMISED TO
QUERY EMBASSY FOR ADDITIONAL INFORMATION.

6. ACTION REQUESTED: DEPARTMENT WOULD APPRECIATE
EMBASSY'S VIEWS ON CURRENT STATUS OF THIS MATTER, AS WELL
AS RECOMMENDATIONS REGARDING MOST APPROPRIATE MEANS FOR
USG ASSISTANCE. ERIC MOORE STATED HE HAD CONTACTED
COMMERCIAL ATTACHE 7/20, WHO REPORTEDLY IS MAKING
INQUIRIES. REPORT OF THOSE EFFORTS APPRECIATED. VANCE
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